

OKLAHOMA CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
P.O. BOX 52000
OKLAHOMA CITY, OK 73152-2000
(Rule 165:10-3-1)

API NUMBER: 073 26089 A

Approval Date: 06/07/2018

Expiration Date: 12/07/2018

Horizontal Hole Oil & Gas

Amend reason: WE ARE PLANNING TO RECYCLE THE CUTTINGS
GOING FORWARD WITH BACKYARD ENERGY SERVICES.

AMEND PERMIT TO DRILL

WELL LOCATION: Sec: 34 Twp: 15N Rge: 9W

County: KINGFISHER

SPOT LOCATION: ☐ SW ☐ NW ☐ SW ☐ SW

FEET FROM QUARTER: FROM SOUTH FROM WEST

SECTION LINES: 810 207

Lease Name: ROMAN NOSE 3-14N-9W

Well No: 1MH

Well will be 207 feet from nearest unit or lease boundary.

Operator Name: PALOMA OPERATING CO INC

Telephone: 7136508509

OTC/OCC Number: 23932 0

PALOMA OPERATING CO INC
1100 LOUISIANA ST STE 5100
HOUSTON, TX 77002-5220

PAUL LOPEZ
99 JANE STREET, APT 5A
NEW YORK NY 10014

Formation(s) (Permit Valid for Listed Formations Only):

Name	Depth	Name	Depth
1 MISSISSIPPI SOLID	9991	6	
2		7	
3		8	
4		9	
5		10	

Spacing Orders: 166936

Location Exception Orders:

Increased Density Orders:

Pending CD Numbers: 201803821
201802487
201802488

Special Orders:

Total Depth: 16131

Ground Elevation: 1269

Surface Casing: 460

Depth to base of Treatable Water-Bearing FM: 370

Under Federal Jurisdiction: No

Fresh Water Supply Well Drilled: No

Surface Water used to Drill: No

PIT 1 INFORMATION

Approved Method for disposal of Drilling Fluids:

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: WATER BASED

Chlorides Max: 5000 Average: 3000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: BLAINE

D. One time land application -- (REQUIRES PERMIT) PERMIT NO: 18-34426

H. SEE MEMO

G. Haul to recycling/re-use facility: Sec. 22 Twn. 16N Rng. 9W Cnty. 73 Order No: 647741

This permit does not address the right of entry or settlement of surface damages.

The duration of this permit is SIX MONTHS, except as otherwise provided by Rule 165: 10-3-1.

Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

PIT 2 INFORMATION

Type of Pit System: CLOSED Closed System Means Steel Pits

Type of Mud System: OIL BASED

Chlorides Max: 300000 Average: 200000

Is depth to top of ground water greater than 10ft below base of pit? Y

Within 1 mile of municipal water well? N

Wellhead Protection Area? N

Pit is not located in a Hydrologically Sensitive Area.

Category of Pit: C

Liner not required for Category: C

Pit Location is NON HSA

Pit Location Formation: BLAINE

HORIZONTAL HOLE 1

Sec 03 Twp 14N Rge 9W County CANADIAN

Spot Location of End Point: SE SW SW SW

Feet From: SOUTH 1/4 Section Line: 65

Feet From: WEST 1/4 Section Line: 400

Depth of Deviation: 9754

Radius of Turn: 877

Direction: 177

Total Length: 5000

Measured Total Depth: 16131

True Vertical Depth: 10232

End Point Location from Lease,
Unit, or Property Line: 65

Additional Surface Owner	Address	City, State, Zip
CRESTWOOD EXPLORATION, LLC	820 WEST DANFORTH RD SUITE B-25	EDMOND, OK 73003
TCS REAL ESTATE HOLDINGS, LLC	2410 WEST MEMORIAL RD	OKLAHOMA CITY, OK 73134

Notes:

Category

Description

HYDRAULIC FRACTURING

6/5/2018 - G71 - OCC 165:10-3-10 REQUIRES:

1) PRIOR TO COMMENCEMENT OF HYDRAULIC FRACTURING OPERATIONS FOR HORIZONTAL WELLS, NOTICE GIVEN FIVE BUSINESS DAYS IN ADVANCE TO OFFSET OPERATORS WITH WELLS COMPLETED IN THE SAME COMMON SOURCE OF SUPPLY WITHIN 1/2 MILE;

2) WITH NOTICE ALSO GIVEN 48 HOURS IN ADVANCE OF HYDRAULIC FRACTURING ALL WELLS TO BOTH THE OCC CENTRAL OFFICE AND LOCAL DISTRICT OFFICES, USING THE "FRAC NOTICE FORM" FOUND AT THE FOLLOWING LINK: OCCEWEB.COM/OG/OGFORMS.HTML; AND,

3) THE CHEMICAL DISCLOSURE OF HYDRAULIC FRACTURING INGREDIENTS FOR ALL WELLS TO BE REPORTED TO FRACFOCUS WITHIN 60 DAYS AFTER THE CONCLUSION THE HYDRAULIC FRACTURING OPERATIONS, USING THE FOLLOWING LINK: FRACFOCUS.ORG

INTERMEDIATE CASING

6/5/2018 - G71 - DUE TO THE KNOWN POTENTIAL RISK OF ENCOUNTERING AN OVER-PRESSURED ZONE IN THE MORROW SERIES IN THIS AREA, THE TECHNICAL MANAGER RECOMMENDS SETTING AN INTERMEDIATE STRING OF CASING IMMEDIATELY ABOVE THE MORROW SERIES

MEMO

6/5/2018 - G71 - PITS 1 & 2 - CLOSED SYSTEM=STEEL PITS PER OPERATOR REQUEST, PIT 2 - OBM RETURNED TO VENDOR, CUTTINGS PERMITTED PER DISTRICT

This permit does not address the right of entry or settlement of surface damages.

073 26089 ROMAN NOSE 3-14N-9W 1MH

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Rule 165: 10-3-4 (c) (7) (e) - The Operator shall give 24 Hours notice by telephone to the appropriate District Office of the Conservation Division as to when Surface Casing will be run.

Category	Description
PENDING CD - 201802487	6/6/2018 - G58 - (I.O.) 3-14N-9W X166936 MSSSD COMPL. INT. NCT 165'FNL, NCT 165' FSL, NCT 330' FWL NO OP. NAMED REC 5/1/2018 (MILLER)
PENDING CD - 201802488	6/6/2018 - G58 - 3-14N-9W X166936 MSSSD 1 WELL NO OP. NAMED HEARING 6/19/2018
PENDING CD - 201803821	6/6/2018 - G58 - (I.O.) 3-14N-9W X165:10-3-28(C)(2)(B) MSSSD (ROMAN NOSE 3-14N-9W 1 MH) NO CLOSER THAN 200' FROM THE DAVIS 2-3 WELL REC 6/4/2018 (M. PORTER)
SPACING - 166936	6/6/2018 - G58 - (640) 3-14N-9W EXT OTHERS EXT 76186/164538 MSSSD, OTHER

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Office of the Conservation Division as to when Surface Casing will be run.